

## **Farm Bill Section 9006: Renewable Energy and Energy Efficiency Program**

The U.S. Department of Agriculture oversees a program to help farmers, ranchers and rural small businesses purchase renewable energy systems and make energy efficiency improvements. This 5-year program was created in Section 9006 of the *Farm Security and Rural Investment Act of 2002*, commonly known as the Farm Bill. In 2003, its first year, the program awarded a total of \$21.7 million in grants to 114 projects in 24 states. The USDA will provide up to \$22.8 million in funding for grants in 2004. All applications for 2004 funding must be postmarked no later than July 19, 2004.

### **Who is eligible to apply for funding?**

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Farmers, ranchers, and rural small businesses with a demonstrated financial need are eligible to apply for funding. Farmers and ranchers must directly engage in the production of agricultural products and obtain at least 50% of their gross income from their agriculture business. Rural small businesses must meet the Small Business Definition of a small business and operate with 500 or fewer employees and \$20 million or less in total annual receipts and must be headquartered in a rural area. Non-profit organizations and public entities are excluded.

### **What types of projects are eligible?**

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Eligible projects include renewable energy and energy efficiency improvement projects. Renewable energy projects include those for which energy is derived from wind, solar, biomass, geothermal, or for which hydrogen is derived from biomass or water using one of the previously stated energy sources. The term "biomass" includes any organic material that is available on a renewable or recurring basis such as: agricultural crops, trees grown for energy production, wood waste and wood residues, plants (including aquatic plants and grasses), residues, fibers, animal wastes and other waste materials, and fats, oils and greases (including those that are recycled). The term "biomass" does not include paper that is commonly recycled or un-segregated solid waste.

All eligible projects must be located in a rural area utilizing a pre-commercial or commercially available, replicable and feasible technology. The applicant must be the owner of the project and control the operation and maintenance of the proposed project. Applicants must also demonstrate that the project has sufficient revenues to provide for operation and maintenance.

All eligible project costs must be an integral and necessary part of the total project. The following is a list of those eligible uses:

- Post-application purchase and installation of equipment, except agricultural tillage equipment and vehicles;
- Post-application construction or project improvements, except residential;
- Energy audits or assessments;
- Permit fees;
- Professional service fees, except for application preparation;
- Feasibility studies;
- Business plans;
- Retrofitting; and
- For energy efficiency projects, construction of a new facility only when the facility is used for the same purpose, is approximately the same size, and based on the energy audit will provide more energy savings than improving an existing facility. Only costs identified in the energy audit are allowed.

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### **What size of grant is available?**

Grant requests may not exceed 25% of eligible project costs and the minimum grant request is \$2,500. For renewable energy projects, the maximum grant request is \$500,000 and all requests over \$50,000 require a feasibility study prepared by a qualified independent consultant. For energy efficiency projects, the maximum grant request is \$250,000 and all projects with total costs over \$50,000 require an energy audit prepared by a qualified independent consultant.

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### **What are the application requirements?**

The USDA issued a Notice of Funds Availability on May 5, 2004 to describe how applicants may apply for grants for the 2004 program. This notice outlines a range of information that all applicants must provide, including applicant information, forms, project scope, technical information, financial information, and other required details. To qualify for funding, all applications must meet the application requirements and all projects must meet technical and environmental requirements.

The 2004 Notice of Funds Availability has different technical requirements for proposed projects based on type of technology and size of project. All project proposals must provide details about the qualifications of the project team, energy resources, the project design and engineering, any necessary agreements or permits, and financial feasibility. All proposed projects must also include detailed information about the project schedule, equipment procurement and installation, operations and maintenance and decommissioning. Any project with total project costs over \$50,000 requires a Professional Engineer. More guidance on the technical requirements for the 2004 program can be found at [www.rurdev.usda.gov/rbs/farmbill/](http://www.rurdev.usda.gov/rbs/farmbill/).

Any project receiving federal funds is subject to the environmental requirements of the National Environmental Policy Act (NEPA). The USDA will perform the NEPA review, but applicants will need to provide environmental information about the project as detailed in the Notice of Funds Availability. The USDA may contact the applicant after preliminary review if more information is needed. If the applicant anticipates any potential environmental or public concerns with their project, these concerns should be discussed with their USDA State Energy Coordinator even prior to submitting an application.

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### **How do applicants apply for grant funding?**

The USDA is currently accepting applications for 2004 funding. Applications must be postmarked by July 19, 2004 to be eligible. Applicants should carefully follow all the requirements for an application as detailed in the 2004 Notice of Funds Availability. The 2004 Notice of Funds Availability, supporting materials and required forms are available at [www.rurdev.usda.gov/rbs/farmbill/](http://www.rurdev.usda.gov/rbs/farmbill/).

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### **Where should an applicant send an application?**

Applicants should submit applications to the USDA State Rural Development Office where their project is located or, in the case of a rural small business, where they are headquartered. A list of the Energy Coordinators and State Rural Development Office addresses and telephone numbers is available at <http://www.rurdev.usda.gov/rbs/farmbill/contacts.htm>. The USDA State Energy Coordinator can also be helpful to applicants in developing a successful proposal and in answering questions about the application process.

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### **How will applications be selected?**

Applications will be selected based on evaluation criteria. Renewable energy projects will be scored on the following criteria: quantity of energy produced, environmental benefits, commercial availability, cost effectiveness, matching funds, and project management. Energy efficiency projects will be scored on the following criteria: energy savings, cost effectiveness and matching funds. In addition, projects proposed by small farmers and ranchers (less than \$1 million in annual receipts) get extra points.

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**Where can an applicant go for more information?** Further information about this program is available through South Carolina USDA's representative Mr. Gregg White at [gregg.white@sc.usda.gov](mailto:gregg.white@sc.usda.gov)

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